



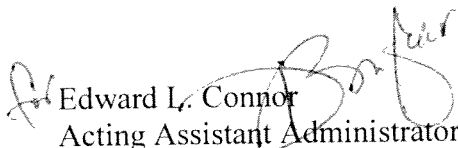
FEMA

December 28, 2009

MEMORANDUM FOR: Regional Administrators
FEMA Regions I – X

Tony Russell
Acting Director
Louisiana Transitional Recovery Office

FROM:


Edward L. Connor
Acting Assistant Administrator
Mitigation Directorate

SUBJECT: Suspension of Alternative Determination of Cost-Effectiveness
for Eligible Insured Repetitive Loss Properties

The purpose of this memo is to announce that effective January 1, 2010; FEMA will suspend the pilot program for the Alternative Determination of Cost-Effectiveness for Eligible Insured Repetitive Loss Properties. This pilot program is also known simply as the Alternative Methodology.

The Flood Insurance Reform Act of 2004 mandated a new approach to cost effectiveness for certain repetitively flooded properties. Similar in approach to the pilot program, the *Greatest Savings to the Fund* (GSTF) approach was released in June of 2009. In addition, reengineered Benefit Cost Analysis software (Version 4.5) was released in July of 2009. Due to these new releases, FEMA has determined to suspend the Alternative Methodology effective January 1, 2010.

FEMA introduced the pilot Alternative Methodology program on July 7, 2003, as a simplified, FEMA-approved methodology to conduct the Benefit-Cost Analysis (BCA) for certain repetitively flooded properties that were insured under the National Flood Insurance Program (NFIP). It was designed to support the mitigation of certain NFIP insured structures by providing a framework allowing eligible applicants to use NFIP-provided data to determine the “benefits” portion of the BCA to demonstrate cost-effectiveness of proposed mitigation projects.

Most recently on November 26, 2008, FEMA released Guidance for the 2009 Alternative Determination of Cost-Effectiveness for Eligible Insured Repetitive Loss Properties. The supporting data set released with the 2009 guidance was based on NFIP data as of September 30, 2008 and was deemed effective for use with eligible Hazard Mitigation Assistance projects through December 31, 2009, or until superseded.

The Alternative Determination of Cost Effectiveness for Eligible Insured Repetitive Loss Properties is referenced in the FY 2010 Hazard Mitigation Assistance Unified Guidance under Part IV - Application and Submission Information, Section H.4 - Benefit-Cost Analysis Methodologies.

This action will have no impact on HMA applications submitted during the current FY 2010 HMA application period. HMA grant applications submitted after December 31, 2009 must have their BC ratio developed based on either the approved methodology using FEMA software BCA Version 4.5.5 as discussed in the FY 2010 HMA Unified Guidance or on the GSTF methodology released in June of 2009, as amended.

If you need additional information regarding the suspension of the alternative methodology and its impact on HMA applications, please have your staff contact their designated Hazard Mitigation Specialist.

cc: Mitigation Division Directors, FEMA Regions I – X
Transition Recovery Office